



Development and Technology Annual Report

2001-2002



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MESSAGE FROM THE MINISTER

The Honourable Leonce Bernard
Lieutenant Governor of Prince Edward Island

May It Please Your Honour:

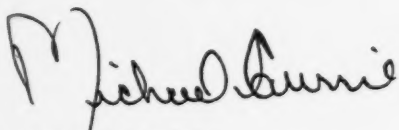
It gives me great pleasure to submit the Annual Report for the Department of Development and Technology for the fiscal year 2001-2002.

I am delighted to be the Minister of a Department with such a range of responsibilities. Staff are the critical foundation for any organization. I would like to thank my staff for their efforts during the year.

It is my privilege to endorse this 2001-2002 Annual Report of the Department of Development and Technology.

My staff and I are looking forward to working with Islanders to further develop the economy of our Province.

Your Obedient Servant,

A handwritten signature in black ink, appearing to read "Michael Currie". The signature is fluid and cursive, with the first name "Michael" written in a larger, more prominent script than the last name "Currie".

Michael Currie
Minister



MESSAGE FROM THE DEPUTY MINISTER

Honourable Michael Currie
PEI Department of Development and Technology
P.O. Box 2000
Charlottetown, PE
C1A 7N8

Dear Minister

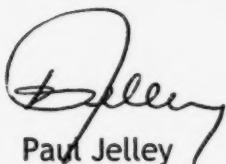
It is my pleasure to submit herewith the 2001-2002 Annual Report for the Department of Development and Technology.

Economic development offers the promise of jobs and wealth for Islanders. The foundations for economic development are successful businesses, a positive business climate and skilled employees. Government's role is to work as a partner with the private sector to facilitate the development of the economy.

It is my privilege to endorse this 2001-2002 Annual Report of the Department of Development and Technology.

I am pleased to have had the opportunity to work with our energetic, loyal and imaginative employees, and our business partners, to create jobs and wealth on Prince Edward Island.

Yours sincerely,



Paul Jelley

OVERVIEW

Mandate

The mandate of the Department of Development and Technology is to work in partnership with the private sector and communities to create jobs and wealth for Islanders.

Mission

The Department of Development and Technology will help strengthen and grow the economy of PEI through a coordinated system of well managed, strongly marketed, programs designed to encourage growth in existing PEI industries. This effort will be coupled with a focussed prospecting effort in order to attract new business to P.E.I.

Specifically, the Department of Development and Technology will strengthen our rural communities by investing in human resource and financial resource development programs designed to support and grow our existing and vibrant rural base.

Vision

The vision for the Province of PEI as outlined in the Bridging Tradition and Technology, an economic development strategy for PEI is as follows:

- ▶ that the economy expand and diversify but continue to rely on our primary industries;
- ▶ that Island food products, produced in a sustainable manner, be world renowned for their quality and be marketed around the globe with the most advanced information technology tools;
- ▶ that new industries establish, creating new products and providing new services to new markets around the world;
- ▶ that Island firms, using experience from the traditional industries, compete successfully in the knowledge-based economy;
- ▶ that Island firms be energy-competitive with other provinces;
- ▶ that rural communities be more vibrant and be the foundation of the economy; and
- ▶ that Islanders be more self-reliant.

Values

The following principles will be used to meet the vision.

Business is the primary foundation of the Provincial economy. Establishing new businesses and expanding existing businesses are significant priorities for the creation of jobs and wealth. Islanders will be encouraged to export products and services.

- ▶ Strong rural communities are the foundation of balanced development across Prince Edward Island. Communities have an important role to play in meeting the challenges of economic development. Community development must build on the resources of the area.
- ▶ Strategic infrastructure throughout the Province is required to develop our economy.
- ▶ Private and public sector alliances and partnerships must increasingly provide the strategic direction for economic growth.
- ▶ A positive investment climate must be established.
- ▶ A skilled human resource base is essential to success in the new economy.
- ▶ Businesses should be established or expanded in industries where we have or can create an advantage.
- ▶ Priority industries should be those where there is strong growth and export potential.
- ▶ Development must be sustainable and compatible with the environment. Primary resources must be managed so that future wealth creation potential is enhanced.
- ▶ Island firms have access to competitive energy prices.
- ▶ Islanders must be encouraged to believe that entrepreneurship is a viable career option.
- ▶ Our quality of life must be maintained.

TOUR D'HORIZON

Mandat

Le mandat du ministère du Développement et de la Technologie consiste à travailler en partenariat avec le secteur privé et les collectivités afin de créer des emplois et de la richesse pour les Insulaires.

Mission

Le ministère du Développement et de la Technologie aidera à renforcer et à faire croître l'économie de l'Î.-P.-É. au moyen d'un système coordonné de programmes adéquatement administrés et efficacement mis en marché qui favorisent la croissance dans les industries existantes de l'Î.-P.-É. S'ajouteront à ceci des activités de prospection ciblées en vue d'attirer de nouvelles entreprises à l'Î.-P.-É.

Tout particulièrement, le ministère du Développement et de la Technologie renforcera nos collectivités rurales en investissant dans les programmes de développement des ressources humaines et financières qui visent à appuyer et à faire augmenter notre base rurale énergétique actuelle.

Vision

La vision de la province de l'Î.-P.-É., telle qu'énoncée dans la stratégie de développement économique qui établit des liens entre la tradition et la technologie, est la suivante :

- ▶ s'assurer de développer et de diversifier l'économie, mais continuer de compter sur nos industries primaires;
- ▶ s'assurer que les produits alimentaires de l'Île fabriqués de manière durable sont reconnus mondialement en raison de leur qualité et qu'ils sont mis en marché partout dans le monde à l'aide des outils de technologie de l'information de pointe;
- ▶ s'assurer que de nouvelles industries s'établissent, créent de nouveaux produits et offrent de nouveaux services aux nouveaux marchés dans le monde entier;
- ▶ s'assurer que les entreprises de l'Île mettent à profit l'expérience des industries traditionnelles pour être en mesure de soutenir la concurrence dans l'économie du savoir;
- ▶ s'assurer que les entreprises de l'Île sont concurrentielles avec d'autres provinces sur le plan de l'énergie;

- ▶ s'assurer que les collectivités rurales sont plus énergiques et qu'elles sont à la base de l'économie; et
- ▶ s'assurer que les Insulaires recourent davantage à l'auto-développement.

Valeurs

On appliquera les principes suivants pour atteindre la vision

Les entreprises sont à la base de l'économie provinciale. Établir de nouvelles entreprises et accroître les entreprises existantes sont les priorités pour la création d'emploi et de richesses. On encouragera les Insulaires à exporter des biens et des services.

- ▶ Des collectivités rurales énergiques sont à la base d'un développement équilibré dans l'ensemble de l'Île-du-Prince-Édouard. Les collectivités ont un rôle important à jouer pour relever les défis du développement économique. Le développement communautaire doit miser sur les ressources de la région.
- ▶ Une infrastructure stratégique dans toute la province est nécessaire pour développer notre économie.
- ▶ Des alliances et des partenariats entre les secteurs public et privé doivent fournir, de plus en plus, l'orientation stratégique nécessaire à la croissance économique.
- ▶ Il faut créer un climat d'investissement positif.
- ▶ Une main-d'œuvre qualifiée est essentielle au succès de la nouvelle économie.
- ▶ Il faut créer ou élargir des entreprises dans les industries où nous tirons, ou pouvons tirer, des bénéfices.
- ▶ Il faut privilégier les industries prioritaires qui jouissent d'une forte croissance et d'un potentiel pour l'exportation.
- ▶ Le développement doit être durable et conciliable avec l'environnement. Il faut gérer les ressources primaires de manière à rehausser le potentiel de création de richesses futures.
- ▶ On doit donner accès à des prix concurrentiels en matière d'énergie aux entreprises de l'Île.
- ▶ Il faut encourager les Insulaires à croire que l'entrepreneuriat est un choix de carrière viable.
- ▶ Il faut maintenir notre qualité de vie.

YEAR IN REVIEW

The Department of Development and Technology has a number of divisions that provide services to the public and support services to the department.

Access PEI

The Access PEI concept is an important tool to strengthen communities. Multi-level, single window service delivery in local communities.

- ▶ connects the community to a range of government services;
- ▶ makes government services at all levels accessible;
- ▶ facilitates successful efforts to utilize government services;
- ▶ eliminates red-tape barriers to business and social development;
- ▶ keeps people in home communities and encourages investment in those communities;
- ▶ provides a centre for community development efforts.

During the 2001-2002 fiscal year the Department of Development and Technology expanded Access PEI to twelve sites including Tignish, Alberton, O'Leary, Wellington, Summerside, Crapaud, North Rustico, Charlottetown, Stratford, Morell, Montague, Souris including the most recent addition of Kinkora.

Communications

The purpose of this Division is to work with other divisions and agencies within the Department of Development and Technology to communicate, both externally and internally, the activities and accomplishments of the Department.

The past year has provided new challenges as well as the successful continuation of a number of projects.

Community and Labour Development

The primary role of the Division is coordination of a community based development process with support from a community development bureau and the management of a Federal/Provincial Labour Market Development Agreement. In addition the Division manages and delivers a variety of programs and services in support of small business, entrepreneurship, employment development and community development. The Division also participates in related departmental policy and planning initiatives to fulfil this

role. The major objectives of the Division in fulfilling this mandate included the following:

- ▶ support for community based development processes;
- ▶ encourage and assist community based economic development initiatives;
- ▶ support community based job creation in cooperation with local community economic development groups; and
- ▶ manage, administer, and coordinate Division policy and program mandates to ensure their implementation in a timely and efficient manner.

Cooperation Agreement on Regional Economic Development

On January 16, 1997, the federal government and the province signed a new five-year plan (1996-2001), the *Canada-Prince Edward Island Agreement on Regional Economic Development*. This agreement is designed to support economic development activities in the province in a wide range of strategically important areas. It also consolidates the final phases of the existing *Canada/PEI Cooperation Agreement on Primary Resource Development and Planning* into one entity. Several program lines were transferred from the *Cooperation Agreement on Industrial Development*.

Following is a brief description of the programs under the authority of the Department of Development and Technology.

- ▶ Strategic Infrastructure — supports industrial, technological and informatics/software development infrastructure, such as waste water treatment facilities, three-phase power plants and information technologies.
- ▶ Tourism-Related Strategic Infrastructure — supports the development and promotion of new and economically promising types of tourism, including those that extend the season such as "green tourism" (ie. ecological tours, Rails-to-Trails hiking, golf), soft adventures (ie. sea kayaking, snowmobiling) and special events.
- ▶ Educational Support Strategic Development — supports education and training that enhances the development of knowledge-based industries, management and entrepreneurship training and development, and works to bring new technology products and services to commercial application.
- ▶ Community Economic Development — supports recently consolidated rural economic development organizations in the province, enabling them to fulfil their mandates.
- ▶ Export Trade Development and Development Prospecting — supports new market and trade-related identification, entry and expansion for businesses in the province.

A new agreement, the *Canada/Prince Edward Island Agreement for the Economic Development Component of the Canadian Fisheries Adjustment and Restructuring Initiative (CFAR)* was signed for the 1999-2002 time period. The Agreement consists of three separate programs designed to provide support to those sectors which have been recognized as having long term economic growth potential in areas of the province adversely affected by the downturn in the fishery. Total allocation for PEI is \$1.5 million (\$1.2 million in federal funds, \$300,000 Provincial funds).

Energy and Minerals

The Energy and Minerals Division is responsible for the development and overall implementation of energy policy for the provincial government. The section offers programs including Smart Energy Management Program which distributes energy booklets, offers workshops, energy audits and energy efficiency initiatives.

The division also regulates and encourages the exploration for minerals and natural gas. The section issued thirteen permit renewals. In total, more than 400,000 hectares of PEI land is under exploration for oil and natural gas. An energy database is maintained which monitors the supply, demand and cost of energy and/or fuels used within the province. The EnerPool Program continues to demonstrate the potential for energy conservation using ride-sharing transportation.

The Division continues to work towards making natural gas available on PEI.

The Division also represents the province in regional and national energy matters.

Finance and Administration

The Finance and Administration Division provides support services to the department for all budget and personnel issues. There are four persons who work in the division. Overall, within the Ministry, there are 96 staff consisting of 75 full-time and 20 casual positions. The 2001-2002 budget estimates were \$7,127,500.

Immigration, Investment and Trade Policy

The role of the Division is to develop, coordinate and implement policy in the areas of immigration, investment and trade within the Department. The Division is also responsible for the operation and management of Island Investment Development Inc. (IID).

The Immigration, Investment and Trade Policy Division covers a wide range of responsibilities which support departmental economic development objectives.

The Division is responsible for the immigration policy area and also for administering the Federal Government Business Immigration Program, including the management and operation of Island Investment Development Inc. (Island Funds) and the Prince Edward Island Century 2000 Fund. The Division is also responsible for other areas of immigration policies which include resettlement programs, humanitarian issues regarding refugees, and the new Federal Immigration Policy Levels and Issues.

Policy and Planning

The Policy and Planning Division provides policy and planning support, as well as computer support (including the development of computer systems) for all staff within the department.

The division is responsible for Prince Edward Island's award-winning Internet Information Centre which promotes PEI as a place to do business, a place to visit and provides information about PEI for Islanders and Internet users alike. PEI was the first province in the country to provide live real audio access to the proceedings of the legislature, which enables Internet users with the appropriate hardware and software to listen to the live proceedings. PEI became the first province in Canada to provide comprehensive interactive mapping capability on the Internet. The Province also worked with the Federal Government and municipal governments to create GovInfo which is a single database of federal, provincial and municipal government programs and services. A new Civic Address Locator was developed to enable Islanders to determine a range of information such as the local Member of Parliament or Member of the Legislative Assembly.

BILAN DE L'ANNÉE

Le ministère du Développement et de la Technologie est composé d'un certain nombre de divisions qui offrent des services au public et des services d'appui au Ministère.

Accès Î.-P.-É.

Le concept d'Accès Î.-P.-É. est un outil important pour renforcer les collectivités. C'est un guichet unique de prestation de services multiniveaux dans les collectivités locales qui :

- ▶ relie la collectivité à une gamme de services gouvernementaux;
- ▶ rend accessibles les services offerts par les divers paliers de gouvernement;
- ▶ favorise l'utilisation des services gouvernementaux;
- ▶ élimine les formalités administratives qui nuisent au développement commercial et social;
- ▶ incite les gens à demeurer dans leurs collectivités et encourage les investissements dans ces collectivités;
- ▶ fournit un centre de développement communautaire.

Durant l'exercice 2001-2002, le ministère du Développement et de la Technologie a étendu le réseau d'Accès Î.-P.-É. à douze sites, c'est-à-dire Tignish, Alberton, O'Leary, Wellington, Summerside, Crapaud, Rustico-Nord, Charlottetown, Stratford, Morell, Montague et Souris, sans compter l'ajout plus récent de Kinkora.

Communications

L'objectif de cette division est de travailler de concert avec d'autres divisions et organismes du ministère du Développement et de la Technologie pour faire connaître, à l'interne comme à l'externe, les activités et les réalisations du ministère.

Nous avons relevé de nouveaux défis l'an dernier et nous avons poursuivi avec succès de nombreux projets.

Développement communautaire et de la main-d'oeuvre

Le rôle principal de la Division est de coordonner un processus de développement communautaire avec l'appui d'un conseil de développement communautaire et de gérer l'Entente fédérale-provinciale sur le développement du marché du travail. De plus, la Division gère et fournit une gamme de programmes et de services qui appuient les

petites entreprises, l'entrepreneuriat, la création d'emploi et le développement communautaire. La Division participe également à des projets ministériels de planification et d'élaboration de politiques lui permettant de remplir son rôle. Pour s'acquitter de son mandat, la Division poursuit les objectifs suivants :

- ▶ appuyer les démarches de développement communautaire;
- ▶ encourager et contribuer aux projets de développement économique communautaire;
- ▶ appuyer la création d'emploi dans les collectivités en collaboration avec des groupes locaux de développement économique;
- ▶ gérer, administrer et coordonner les mandats de la Division sur le plan des politiques et des programmes pour qu'ils soient mis en place au bon moment et de façon efficace.

Entente de coopération sur le développement économique régional

Le 16 janvier 1997, le gouvernement fédéral et la province ont signé un nouveau plan quinquennal (1996-2001), l'Entente de coopération Canada-Île-du-Prince-Édouard sur le développement économique régional. Cette entente vise à appuyer les activités de développement économique de la province dans un large éventail de secteurs stratégiquement importants. De plus, elle consolide également les étapes finales de l'Entente de coopération Canada-Île-du-Prince-Édouard portant sur la planification et le développement des ressources primaires, et ce, en une seule entité. En outre, plusieurs secteurs de programme ont été transférés de l'Entente de coopération au développement industriel.

Voici une brève description des programmes relevant du ministère du Développement et de la Technologie :

- ▶ Infrastructure stratégique – appuyer la mise en place d'infrastructures de développement industriel, technologique, informatique et de logiciels, comme des usines d'épuration des eaux usées, des centrales électriques triphasées et des technologies de l'information.
- ▶ Infrastructure stratégique liée au tourisme – appuyer le développement et la promotion de nouveaux types de tourisme prometteurs sur le plan économique, y compris les activités touristiques de basse saison comme l'écotourisme (c'est-à-dire les excursions de nature écologique, les randonnées dans les corridors verts, le golf), les aventures peu rigoureuses (c'est-à-dire le kayak de mer, la motoneige) et les événements spéciaux.
- ▶ Développement stratégique d'aide à l'apprentissage – appuyer l'enseignement et la formation pour contribuer au développement des industries du savoir, à la gestion et à la formation/au perfectionnement en entrepreneuriat, et prendre des moyens pour favoriser une application commerciale des nouveaux produits et services technologiques.

- ▶ Développement économique des collectivités – appuyer les organismes de développement économique rural récemment regroupés dans la province pour les aider à s'acquitter de leurs mandats.
- ▶ Développement du commerce extérieur et de la prospection – appuyer la prospection de nouveaux marchés et favoriser l'implantation de nouvelles entreprises ou l'expansion d'entreprises existantes dans la province.

Une nouvelle entente, l'Entente Canada/Île-du-Prince-Édouard pour l'élément de développement économique du Plan d'adaptation et de restructuration des pêches canadiennes (ARPC) a été signée pour la période allant de 1999 à 2002. L'entente est composée de trois programmes distincts qui aident les secteurs désignés comme ayant un potentiel de croissance économique à long terme dans des régions de la province qui sont durement touchées par la baisse des activités du secteur des pêches. L'affectation totale pour l'Î.-P.-É. est de 1,5 million de dollars (1,2 million de dollars en fonds fédéraux et 300 000 \$ en fonds provinciaux).

Énergie et minéraux

La Division de l'énergie et des minéraux est chargée d'élaborer et d'appliquer globalement la politique énergétique du gouvernement provincial. Elle offre des programmes, y compris le Programme de gestion ingénieuse de l'énergie dans le cadre duquel on distribue des brochures sur la conservation de l'énergie, on organise des ateliers, on réalise des vérifications du rendement énergétique et on entreprend des projets sur l'efficacité énergétique.

De plus, la Division réglemente et encourage l'exploration pour les minéraux et le gaz naturel. Elle a renouvelé 13 permis. Au total, plus de 400 000 hectares de terres de l'Î.-P.-É. font l'objet d'une exploration pour trouver du pétrole et du gaz naturel. Une base de données sur l'énergie est maintenue pour évaluer l'offre, la demande et le coût de l'énergie et/ou des combustibles utilisés dans la province. Le programme *EnerPool* continue de démontrer le potentiel de conservation énergétique du covoiturage.

La Division continue de travailler à rendre le gaz naturel disponible à l'Î.-P.-É.

La Division représente également la province en matière d'énergie régionale et nationale.

Administration et finances

La Division de l'administration et des finances fournit des services d'appui au Ministère en ce qui a trait aux questions de budget et de personnel. Quatre personnes travaillent à la Division. Dans l'ensemble, à l'intérieur du ministère, on compte 96 postes, dont 75 à plein temps et 20 occasionnels.

Immigration, Investissement et politique commerciale

Le rôle de la Division est d'élaborer, de coordonner et d'appliquer des politiques dans les secteurs de l'immigration, des investissements et du commerce au Ministère. Elle est également responsable de l'exploitation et de la direction du *Island Investment Development Inc.* (IIDI).

La Division de l'immigration, des investissements et de la politique commerciale couvre un large éventail de responsabilités qui appuient les objectifs de développement économique du Ministère.

La Division est responsable du domaine de la politique d'immigration et de l'administration du programme du gouvernement fédéral d'immigration destiné aux gens d'affaires, notamment la gestion et l'exploitation de *Island Investment Development Inc.* (*Island Funds*) et le Fonds *Century 2000* de l'Île-du-Prince-Édouard. La Division est également responsable des autres domaines de politiques d'immigration comprenant les programmes de croissance démographique, de questions humanitaires à l'égard des réfugiés et de la nouvelle politique fédérale sur les niveaux et les enjeux de l'immigration.

Politiques et planification

La Division des politiques et de la planification offre un soutien à l'égard des politiques et de la planification ainsi qu'un soutien informatique (y compris l'établissement de systèmes informatiques) à l'ensemble des employés du Ministère.

La Division est responsable du Centre d'information Internet de l'Île-du-Prince-Édouard qui est lauréat d'un prix. Ce centre fait connaître l'Î.-P.-É. comme un endroit où faire des affaires et un endroit à visiter, et donne de l'information sur l'Î.-P.-É. aux Insulaires et aux utilisateurs d'Internet. L'Î.-P.-É. a été la première province du pays à donner un accès audio en direct des délibérations de l'assemblée législative. Les utilisateurs d'Internet peuvent ainsi écouter les délibérations en direct au moyen du matériel et du logiciel appropriés. L'Î.-P.-É. est devenue la première province du Canada à offrir une fonction de cartographie interactive complète sur Internet. La province a également travaillé avec le gouvernement fédéral et les gouvernements municipaux pour créer GovInfo qui est une simple base de données des programmes et des services fédéraux, provinciaux et municipaux. On a établi une nouvelle adresse pour permettre aux Insulaires de trouver une quantité de renseignements comme un membre du parlement local ou un membre de l'Assemblée législative.

ACCESS PEI

One additional Access PEI Centre was established in 2001-2002, a small centre in Kinkora, bringing the total number of Access PEI Centres to 13. The Kinkora Centre is co-located with the Provincial Library and the local CAP site. Although Kinkora Access PEI is open only 8 hours per week, this space provides a flexible and innovative service to the local community.

There are now thirteen Access PEI Centres, making government services in Prince Edward Island the most accessible in Canada. Canada, and in particular the Maritime Provinces, is a world leader in accessible government service. Centres are located in Tignish, Alberton, O'Leary, Wellington, Summerside, Kinkora, Crapaud, North Rustico, Charlottetown, Stratford, Morell, Montague and Souris.

In November, 2001, Access PEI conducted a customer satisfaction survey of 400 Islanders, a number which provides a confidence rating of plus or minus five percent, nineteen times out of twenty. The survey was conducted using the Common Measurements Tool, a survey instrument developed by the Public Sector Service Delivery Council, a group of senior Canadian public servants, with the intent of providing a quality standard for surveys of this type.

In answer to the primary question, "Overall, how satisfied were you with the service provided by staff?", ninety-eight percent of respondents were either satisfied or very satisfied (seventy-five percent were very satisfied). The mean score (the total of all scores divided by the number of respondents to the question), in answer to the same question, was 4.76% out of 5, or approximately 93%. This is an exceptional response, and shows a significant level of satisfaction with the one-stop-shop concept of Access PEI as well as the excellent service provided by staff.

Service quality training was a significant focus for Access PEI during the 2001-2002 fiscal year. The Learning Centre, the Provincial Government's training team, modified their "Where Eagles Soar" training for Access PEI staff. Five days of training was provided to each employee; responses by staff were very positive.

A continuing focus was the establishment of good internal practices. For example, a detailed audit process for Highway Safety transactions, by year end, resulted in audits of in excess of forty-five percent of such transactions, with particular emphasis on the major risk transactions. The internal Service Bulletin process was strengthened and other internal processes were enhanced or developed to assist with assimilation and delivery of changes to services provided on behalf of client departments.



COMMUNICATIONS

The past year has been busy and productive for the Communications Division.

In conjunction with the PEI Energy Corporation, the Division played an important role in coordinating and administering the grand opening of the North Cape Wind Farm. Along with numerous media stories and photo opportunities, a four-page supplement on the Wind Farm appeared in the local media, which provided the public with an in-depth snapshot of life on and around the North Cape Wind Farm. The Division also assisted the PEI Energy Corporation with news releases, advertising efforts, continued efforts in the lobby for a natural gas pipeline to the province, and are pleased to report a productive year.

The Division has also benefitted from the arrival of a full time Communications Officer with Technology PEI. A concentrated effort has been made to be more creative and aggressive in our communications and this has been evident with a number of joint projects with Technology PEI and the Division. The grand opening of the Atlantic Technology Centre, the hosting of Softworld 2002 and other initiatives will be a primary focus.

Our relationship with Prince Edward Island Business Development Inc continued. There were numerous business starts and expansions throughout the year which required coordination with all levels of government, as well as media preparations. Some highlights include expansions in aerospace, manufacturing, nutraceuticals and crafts.

The Division has worked closely with Access PEI to increase awareness of services offered in their branches throughout the Province. Communications have undertaken some print and television advertising campaigns throughout the year and it appears to have been successful. Plans are also underway to continue to increase the public awareness of services offered at Access PEI.

The Division has undertaken efforts to work closely with the Immigration and Investment Division on such projects as the Provincial Nominee Program and preparation for the Federal, Provincial and Territorial Ministers conference.

Communications continued the effort, in conjunction with the Minister and other Ministry divisions, to produce information that highlighted the province's continuing strong economic growth, especially with job creation, exports, new business starts and sales.

A late summer, early fall print advertising campaign is planned to highlight these economic successes.

A top priority in the next year will be to increase the exposure of the Community Development Bureau and to highlight its numerous successes. Plans are underway for regional tours of projects, to be led by community development officers

The implementation of "The Staff News", a Ministry newsletter for staff, is scheduled to take place early in the new fiscal year. The monthly publication will highlight the efforts of staff members and provide regular updates for all divisions within the Ministry.

The Division continued to provide support to the Food Technology Centre, as well as the Minister and Deputy Ministers' offices. Support included speeches, news releases, media events and briefing notes.

COMMUNITY AND LABOUR DEVELOPMENT

The Division has responsibility for both community development and labour force development. Staff coordinate, on a provincial basis, a community based process that is initiated and endorsed at the local level. As part of this process, the Community Development Bureau supports the Division's efforts and helps to coordinate a provincial response to community initiatives.

In the area of labour force development, the Division works cooperatively with the Government of Canada to ensure that the Canada/PEI Labour Market Development Agreement is implemented in a way that best supports the Island's labour force needs. This process is supported by a Management Committee comprised of Deputy Ministers from the province as well as senior management officials from the federal government.

The Division also participates in related departmental policy and planning initiatives to fulfil this role. Some objectives of the Division include:

Community Development

implementation of community development processes initiated at the local level and endorsed by communities;

- ▶ provision of staff resources to support comprehensive planning processes at the local level;
- ▶ provision of staff resources to ensure that approved projects are implemented in a timely and cost effective way;

Labour Market Development

- ▶ the promotion of an annual Labour Market Development Plan endorsed through consultation that addresses a variety of labour development issues important to the province;
- ▶ completion of industry sector labour analysis that allows for labour force planning, training, and development;
- ▶ the rationalization of federal and provincial programs that support labour force development; and
- ▶ the development of a reasonable information sharing arrangement that allows for a free flow of labour market information between both the federal and provincial governments.

SPECIAL INITIATIVES

Forum of Labour Market Ministers (FLMM)

The Forum of Labour Market Ministers is a provincial/territorial cooperative arrangement committed to the development of an integrated, effective and efficient labour market. One of the Forum's objectives is consensual and collaborative approaches to decision making in national labour market matters.

The Division participates in the FLMM on a variety of policy issues with Canadian provinces, territories, and the federal government through conference calls, meetings and general correspondence. Provincial/territorial labour market ministers of the FLMM prepared and released a report - **Skill Investments For All Canadians** - that sought increased federal support for skill development and training in Canada.

Community Development Bureau (CDB)

The Division is supported by the Community Development Bureau which is comprised of the following departments; Department of Development and Technology, Department of Health and Social Services, Department of Education, and the Department of Fisheries, Aquaculture and Environment. The Bureau met on five (5) occasions to review and recommend financial assistance for community initiatives. The Bureau helps to rationalize and focus the Province's participation in community based development.

Canadian Rural Partnership(CRP)

The Canadian Rural Partnership is an initiative established by the Government of Canada to stimulate rural development participation in provinces and territories throughout Canada. The Division worked actively with the local working federal/provincial committee and attended a number of national federal/provincial meetings. In addition, the province co-sponsored with the Federal Government the Annual National Conference on Rural Development which was held in Charlottetown.

PROGRAM ACTIVITY 2001/2002

Regional Development Support Program

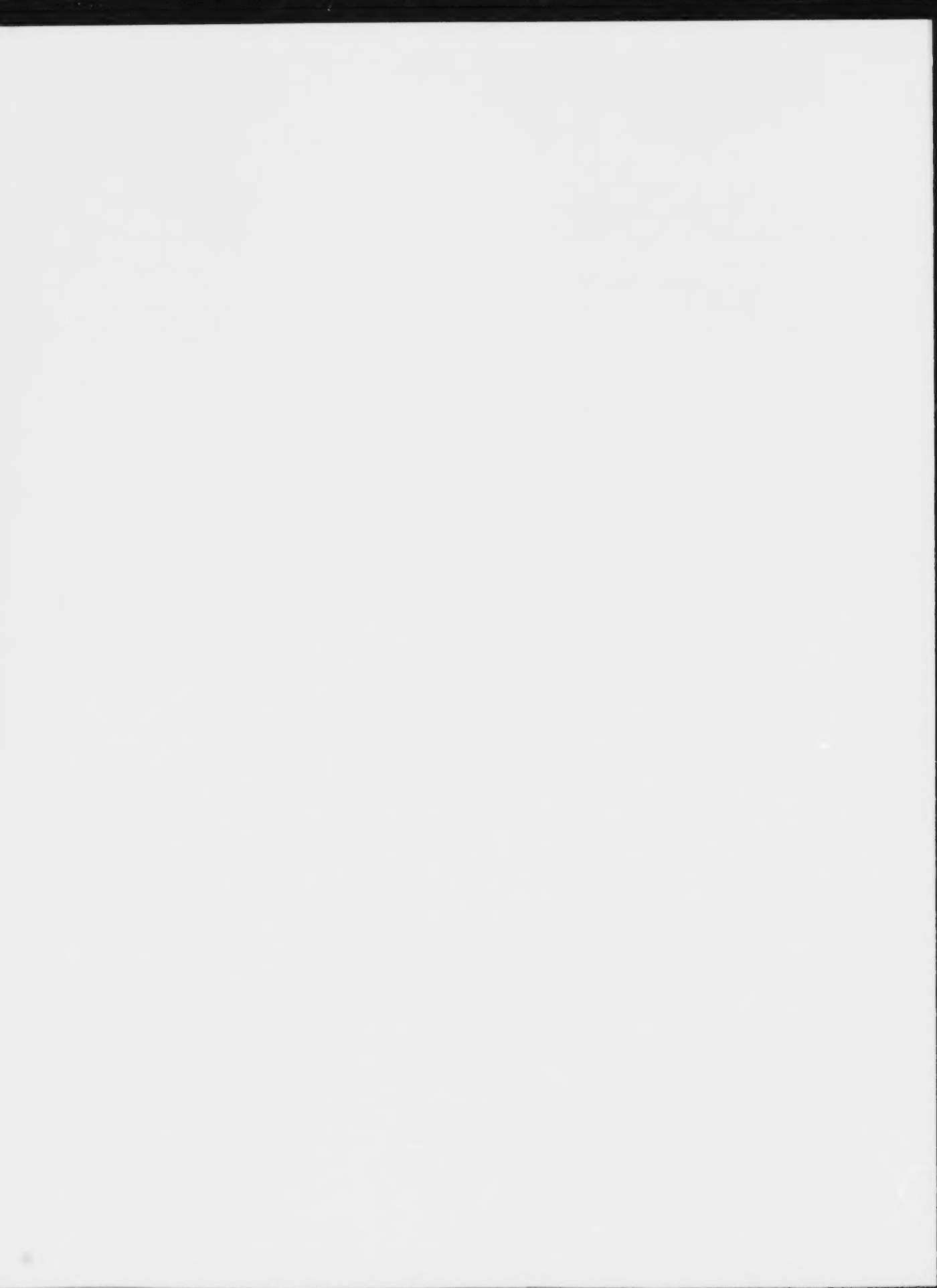
This program assisted community based economic development organizations in various locations across PEI. A number of applications were submitted to the division and approved during the year. The following identifies some of the groups/organizations that received assistance: Northumberland Community Development Corporation, Wood Islands and Area Development Corporation; Georgetown Regatta, Kings Playhouse, Cape

Bear Lighthouse, Northumberland Fisheries Festival, Hermitage Creek, O'Leary Community Sports Centre. Professional fees relating to studies, surveys and audits were supported. Those involved included Community of St. Peters, Community of Murray River, Pownal Sports Centre, and Malpeque Development Corporation. Operational support was provided to a number of groups including: Cardigan Fish Hatchery, Tignish Initiatives Inc., and Victoria Wharf Development Inc.

In all, the program supported 18 projects approving expenditures of approximately \$823,000.

Community Development Fund - This fund contributed to community initiatives which help to strengthen the local community. Sustainable projects with a high degree of community support, local funding contributions and multiple funding partners were prioritized. Some of the approved applicants were: PEI Literacy Alliance, Friends of Green Park, TCAP Cooperative Ltd, St. Peters Area Development Corporation, City of Charlottetown, Belfast Community Development Corporation, Kensington Memorial Park, Northport Development, Wood Islands Development Corporation, Island Horse Council, PEI Military Sites Museum, Harbour Authority of North Rustico. Approved contributions totalled \$609,021 among a total of 27 projects.

Community Facilitation Fund - This fund assisted community organizations to participate in orderly development process. Contributions amounting to approximately \$50,500 were approved for local surveys, community forums, training, concept drawings, newsletters, and to research opportunities. Some of the organizations which received assistance were: Kensington and Rural Development Partners, Town of Souris, Conseil Evangeline, Cardigan Communities Development Association, O'Leary & Area Development Corporation, St. Teresa & Area Development Corporation, Active Communities Inc., Roma Site Development Committee, Maple Leaf Curling Club.



COOPERATION AGREEMENTS

The Canada-Prince Edward Island Agreement on Regional Economic Development

On January 16, 1997, the Federal Government and the Province signed a new five-year economic development agreement (April 1, 1996 - March 31, 2001), *The Canada-Prince Edward Island Agreement on Regional Economic Development (REDA)*. This agreement was designed to support economic development activities in the Province in a wide range of strategically important areas. It had also consolidated the final phases of the *Canada/PEI Cooperation Agreement on Primary Resource Development and the Planning Agreement* into one entity.

The specific objectives of the agreement were to:

Foster harmonization and integration of federal and provincial economic development efforts in the province.

- ▶ Encourage cooperation and strategic alliances among stakeholders in the economy of the province.
- ▶ Position the economy to exploit export development and import substitution opportunities to enhance job and wealth creation.
- ▶ Expand the competitive capabilities of the province.
- ▶ Provide more and better opportunities for private sector investment and entrepreneurship by establishing essential or critical infrastructure.
- ▶ Advocate public and private sector cooperation in order to maximize the return on public funds invested - leading to self-sustaining private sector opportunities.
- ▶ Contribute to the development of information and innovative technologies in the province.
- ▶ Ensure that economic development programming in the province complements, not duplicates, other federal and provincial programming.

To achieve these objectives, five programs under Part II of the REDA were established:

- ▶ Strategic Infrastructure
- ▶ Tourism Related Strategic Infrastructure
- ▶ Educational Support Strategic Development
- ▶ Community Economic Development
- ▶ Export Trade Development and Development Prospecting

The amount initially allocated to Part II programs was \$19,571,428, with overall cost-sharing being on a 70:30 ratio by Canada and the Province. Through amendments, the budget for the agreement eventually reached \$39,396,421 which was distributed among component programs as shown in Chart 1. The overall budget was distributed across the Province as illustrated in Chart 2.

Chart 1
Agreement Expenditure by Program
 Total Program Expenditure - \$39,396,421

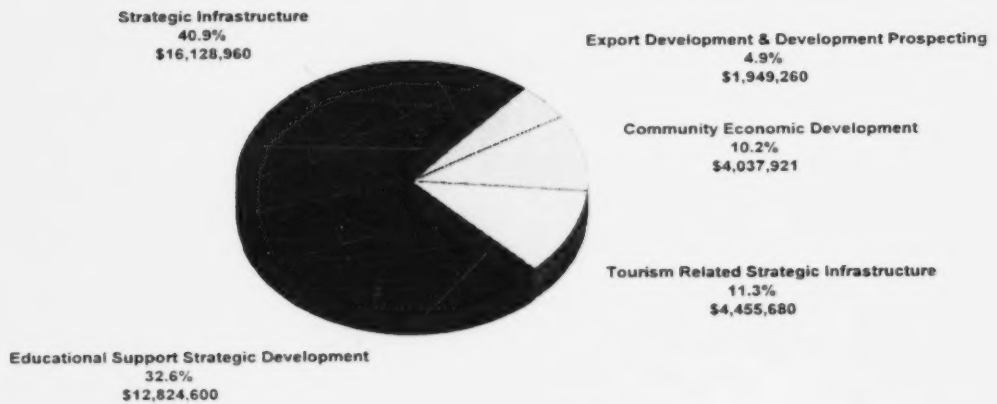
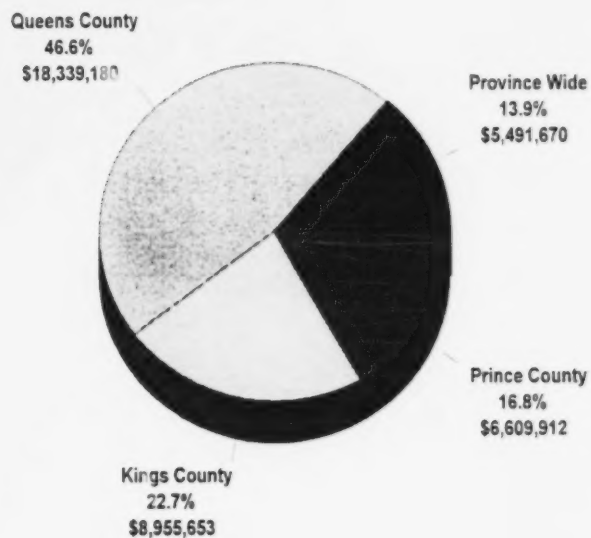


Chart 2
Geographical Distribution of Agreement Expenditures



As a condition of the *REDA Agreement*, an evaluation was completed by a well-recognized consulting firm with extensive experience in the field of Federal/Provincial cost-shared agreement evaluations. The result of the evaluation clearly showed that the *Regional Economic Development Agreement* was an excellent vehicle for development and had achieved its purposes. It was through the evaluation process that the consultant found serious dismay among private sources concerning Canada's new approach to regional economic development and fear that PEI needs and interests will be submerged within a pan-Atlantic approach. The concern within all sectors is that, as an alternative to REDA-type cooperative development programming, the richly endowed Atlantic Investment Partnership Program may very well fail to satisfy on-going economic development needs on Prince Edward Island.

The main recommendation of the evaluation was that the Government of Canada and the Government of PEI should continue their cooperative approach to social and economic development through a continuing REDA-like agreement.

Following is a brief summary of the major activities accomplished under each of the five programs.

Strategic Infrastructure - 45 projects approved - \$16,130,000

The intent was to support industrial, technological, informatics/software development type of infrastructure. Major projects included \$3.2 million for the Atlantic Technology Centre in Charlottetown which provided the anchor funding for a major new facility as a base for significant and new IT business development; \$2,500,000 for Crowbush Resort infrastructure leading to completion of a new anchor for marketing PEI as a major golf resort; \$1,700,000 for aerospace development at Slemon Park whose aerospace industry now employs 475 people and exports \$140 million worth of product; \$1,500,000 for Founder's Hall on the Charlottetown waterfront as a key feature for the celebration of the Birthplace of Confederation theme and \$1,000,000 for the Souris Food Park to replace lost capacity in the eastern area of the province.

Tourism Related Strategic Infrastructure - 111 projects approved - \$4,400,000

Projects funded ranged from a low of \$600 to a high of \$887,500. The specific program objective was to "grow the industry by diversifying the product, enhancing the quality of the product and extending the season". Major projects included \$792,000 for the Confederation Trail development - the trail is a component of the Canadian Trail system and will benefit promotions by the organization for the national trails system (tour companies in Quebec, Ontario, the United States and Nova Scotia are now delivering trail tours on PEI); \$887,500 for cultural events and projects (40% of visitors are now showing an interest in cultural activities, including festivals and events, compared to 9% who attending such events in 1995); \$511,600 for golf promotion - the golf industry now contributes over \$80 million to the Island economy, up from an estimated \$12.2 million in 1994; \$467,000 for sporting

events (non-golf); \$390,550 for human resource training and development; \$360,550 for convention and cruise ships - improved marketing efforts in conventions resulted in increased delegate attendance of 30% and increased expenditure of 25% - up from \$17.8 million to \$22.2 million; \$178,900 for Visitor Information Centre upgrading and welcome centres and \$185,330 for special marketing.

Educational Support Strategic Development - 29 projects approved - \$12,800,000

The intent of the program was to focus on training and development related to information technology and on strategic education and training efforts that directly enhance the development of knowledge-based industries and opportunities. Ninety percent of the expenditures was directed to the major Island institutions - Holland College, Knowledge Economy Partnership, the University of Prince Edward Island (UPEI) and the Department of Education.

Major projects included revitalization of the Atlantic Tourism Hospitality Institute to accommodate new demand for highly skilled employees for that industry; creation of the Aviation Institute to serve the teaching requirements for the aerospace business at Slemon Park; creation of a new Atlantic Welding and Fabrication Institute for the advancement of trades' training; a multi-media project with Sheridan College; creation of an Information Technology Centre for Education and a Call Centre and Customer Service Program to train students for call centre jobs as well as an Electronics Business Education Centre.

UPEI was awarded funding to enable it to qualify for research funding from the Canadian Foundation for Innovation and for creation of an Information Technology Centre at UPEI. Funding was provided to enable the secondment of a person to assist with its International Business Planning Initiatives seeking to place the university within a larger market and funding was also provided for the University's Canadian Aquaculture Institute.

The Department of Education received assistance in creating an education network connecting all Island schools, bringing IT skills and resources into the classrooms and communities. New computers and software were provided for all schools. Teachers were provided with ongoing training support and internet access was expanded for teachers and students with each Island student provided with an email address.

The Knowledge Economy Partnership's (KEP) role was very important to the program in reaching beyond the formal education and training institutions to include other interests where critical skill shortages existed and to advance entrepreneurial development and management skills with respect to learning technologies. KEP served as a very effective vehicle for assembling various co-sponsors as partners in its 46 projects.

Community Economic Development

The intent of the program was to provide strategic and financial support to four rural economic development organizations (Central Development Corporation, Opportunities East, Western Development Corporation, Société De Développement de la Baie Acadienne) in the province and to also provide financial support to community development projects.

Approximately \$4 million was spent over five years with approximately 75% of the funds dedicated to operating, capital and infrastructure needs of the four corporations. Other funding was approved for projects sponsored either by the corporation or by not-for-profit organization focusing on community-based economic development.

Two of the four initial corporations were replaced in the course of the agreement for performance reasons. The Western Development Corporation became Resources West Inc. and Opportunities East became Active Communities Inc.

All four development corporations have had some measure of success over the life of the agreement. Central Development Corporation's most successful undertaking was its involvement in the Borden-Carleton redevelopment initiative. Active Communities Inc.'s involvement in the Greenwich National Park project was their most successful project. The Western Development Corporation's most successful undertaking was its involvement in the development of the West Cape Eco-Tourism Centre. Baie Acadienne successes consist of the accumulation of services they have provided and the encouragement to individuals newly emerging as entrepreneurs in an area whose cooperation tradition has tended to mute an entrepreneurial spirit on the part of individuals.

As of April 1, 2002, ACOA has agreed to continue funding the four Regional Development Corporations.

Export Trade Development and Development Prospecting

This program was designed to position the economy of the Province in a way that would enable it to take advantage of export development and import substitution opportunities and also to aid prospecting initiatives with respect to information technology and knowledge-based industries.

Eighty-nine projects totalling \$1,930,000 in value were funded under the Agreement.

The following is a brief listing of projects/activities supported under the program: Asian Trade Office; export seminars; PEI product promotion; trade missions to Cuba, Venezuela, Central/South America, New York, Boston, Iceland; funding to support the establishment of the PEI Food and Beverage Association; potato technology sector development; Business Development Agency investment networking; Junior Team Canada Training Centre; aerospace and technology prospecting initiative and promotional material.

Canada/Prince Edward Island Agreement for the Economic Development Component of the Canadian Fisheries Adjustment and Restructuring Initiative (CFAR) - 1999/2002

On June 19, 1998, the Government of Canada announced the Canadian Fisheries Adjustment and Restructuring Initiative (CFAR) - a \$730 million initiative targeted at the Atlantic groundfish industry. Measures included: fishing licence retirement, early retirement of fishers and fish workers, a final cash payment to TAGS clients, labour market adjustment measures, and support for economic development.

The \$100 million Economic Development Component provides \$93.8 million to Atlantic Canada to be delivered by the Atlantic Canada Opportunities Agency and \$6.2 million to Quebec to be delivered by Canada Economic Development. The \$1.2 million in funding allocated to Prince Edward Island is based on the number of TAGS-eligible clients in the province. The Government of Prince Edward Island is contributing an additional \$300,000 under the Canada/Prince Edward Island Agreement for the Economic Development of the Canadian Fisheries Adjustment and Restructuring Initiative, bringing total funding for the agreement to \$1.5 million. On November 12, 1999, the Federal Government and the Province signed the agreement.

Support will generally be provided to those sectors which have been recognized by both governments as having long-term economic growth potential in areas of the province adversely affected by the downturn in the fishery. Delivery of programs under the agreement will be coordinated with other economic development and adjustment programming.

The Agreement is designed to assist communities in surviving and prospering in a transformed rural economy. At all levels, the goal is to promote projects which will be sustainable, create job opportunities and encourage private investment. By delivering this economic development component in cooperation with as many partners as possible, including the provincial government and industry groups, duplication of effort will be prevented and positive results will increase.

The overall objective of the Economic Development Component is growth in the economy of the Atlantic region and creation of more job opportunities. More specifically, the objectives are to:

- ▶ improve the investment climate and strategic infrastructure in rural areas, particularly as it related to growth opportunities;
- ▶ create long-term employment and capitalize on new economic opportunities outside of the traditional groundfish industry;
- ▶ encourage a greater level of self-reliance within areas affected by the downturn in the ground fishery; and
- ▶ expand and diversify economic activity, especially in the fishery affected areas.

The Agreement consists of three specific programs:

The **CFAR Growth Program** will support fishery affected communities as they adapt to changes in their local economies resulting from a downturn in the groundfish sector.

The primary focus will be on noncommercial projects that are consistent with local Community economic development strategic plans, and demonstrating strong potential for self-sustaining economic activity.

Eligible activities shall include strategic infrastructure projects that are directly linked to private investment opportunities and not simply basic community infrastructure.

CFAR Strategic Investment Program will support private sector businesses and community owned and operated enterprises that would be considered complementary ventures for the fishery affected communities. The proposal must create a significant diversification to the fishery affected communities and be incremental in nature. Proposals should help to diversify the local economic base and demonstrate incremental jobs for the fishery affected community.

This program shall be focused but not exclusive to activities in manufacturing and processing, information and communication technology, aquaculture and tourism sectors.

Eligible applicants shall be based in the fishery affected communities and will include private sector businesses, cooperatives, collaborative partnerships between the public and private sector and others, as appropriate.

CFAR Foundation Program will be targeted at strategic community-based projects that lay a foundation for private sector investment and growth. Proposals should be part of a long term community supported plan and be strategically located to maximize development.

Eligible activities under this program could be but not limited to: waterfront improvement, village and town centre redevelopment, strategic tourism infrastructure and strategic linkages between communities.

The Federal/Provincial CFAR Agreement funded the following activities during the fiscal year 2001/2002:

1. CFAR Growth Program - no applications were received under this program in fiscal year 2001/2002.
2. CFAR Strategic Investment Program - no applications were received under this program in fiscal year 2001/2002. The Department's expenditure in fiscal year 2001/02 in carried over commitments was \$41,618.
3. CFAR Foundation - A total of two applications were received and approved. Funding was provided to the Miminegash Women in Support of Fishing Inc. to assist in the expansion of the Seaweed Café and Irish Moss Interpretive Centre in Miminegash. Funding was also provided to the Rustico Harbour Authority to assist in the construction of a Fisheries Interpretive Centre and expansion of the existing marina. Both projects are intending to draw more tourists to each of the areas resulting in increased economic growth. The total expenditure for this program for fiscal year 2001/02 was \$117,942.

In the absent of a renewed Federal/Provincial cost shared Regional Economic Development Agreement and the reluctance of the Federal Government to continue supporting programs/projects that were offered under the REDA, the Department of Development and Technology decided to continue to offer the Strategic Infrastructure and Educational Support Strategic Development Program under a much reduced budget than what was available under the REDA Agreement.

The following is a brief description of the programs and the activities during fiscal year 2001/2002.

Strategic Infrastructure - The program supports feasibility studies and capital projects as related to infrastructure required by particular economic/business development opportunities, i.e., power conversion, water supply and wastewater treatment and other infrastructure that is deemed necessary to support economic development.

During the fiscal year 2001/02 a total of five (5) projects were approved under the program for a total commitment of \$434,400. Projects approved included the extension of a 3-Phase Power to a processing facility, the installation of infrastructure to develop and expand provincially owned Business Parks at Poole's Corner Kings County and Bloomfield in Prince County. The Department provided assistance to the Airport Authority to extend infrastructure to allow for the construction of a new Pharmaceutical facility in the Airport's Business Park. The program provided assistance for the construction of an effluent treatment system at a new fish processing operation at North Lake.

Educational Support Strategic Development - The program will continue to support similar projects as funded under the Regional Economic Development Agreement (REDA). Given the limited funds available to the Department for this program it is the intention to partner on projects with other Federal and Provincial Departments.

During fiscal year 2001/02, the Department provided a financial contribution to assist the Junior Achievement Organization to deliver entrepreneurship programs to Junior and Senior high school students across the Province. The program also provided a financial contribution to the annual Science Fair which involves Island students across the Province from elementary to senior high. The Science Fair is an excellent opportunity for the Department to participate in the promotion of Science and Technology at the grass roots level. The Department has partnered with the University of PEI over the past several years and results of this partnership have shown at the Canada wide Science Fair with numerous awards won by Island students over the past number of years.

The program provided a contribution in partnership with NRC and ACOA towards the PEI Bio Resources - based Technology Cluster Roadmap. The study investigated the establishment of a world recognized Atlantic Regional Cluster based in PEI for the discovery, development and commercialization of high-value bioactive compounds for human and animal health and nutrition, derived from a diversity of renewable bio resources and based on sustainable development concepts.



ENERGY AND MINERALS

The Energy and Minerals Section is responsible for the provincial government's development and implementation of energy policy. This mandate includes evaluating energy policies, technologies and infrastructure for PEI; providing technical expertise to the province's industrial sector in regards to energy matters; monitoring energy supply, demand and cost; maintaining interprovincial and international liaisons with respect to energy; and regulating and encouraging the exploration for minerals, oil and gas within the province.

Legislation that the Energy and Minerals Section is responsible for include the *Maritime Electric Company Limited Regulation Act*, *Electric Power and Telephone Act*, *Energy-Efficient Appliances Act*, *Oil and Natural Gas Act*, *Mineral Resources Act*, *Petroleum Products Act* and *Natural Gas Distribution Act*.

Smart Energy Management Program

This program offers an advisory service, including comprehensive energy audits, to Island manufacturers and processors to improve the energy-efficiency of their facilities. Since the workshops were developed, approximately nine years ago, 89 of the estimated 110 Island manufacturers and processors have participated in at least one of either the Electrical Energy-Efficiency Workshop (PowerWise), Thermal Energy-Efficiency Workshop or Energy-Efficient Refrigeration Workshop.

Section staff also provide a follow-up auditing service to clients that have participated in the program. This serves to respond to the clients' changing energy requirements, verify energy savings from recommended retrofits and trouble-shoot problems relating to energy consuming equipment.

In February, 2002, the Energy and Minerals Sections participated in the Enviro-Church program sponsored by the Environmental Coalition of Prince Edward Island. Approximately 25 churches in the Diocese of Charlottetown were audited and some additional work is still on-going. Initial findings indicate some potential energy savings in lighting, insulation, air leakage and electrical system controls. The final results will be ready by the end of 2002.

Oil and Natural Gas Exploration

The Energy and Minerals Section administers and regulates the exploration and development of minerals and oil and natural gas resources within the jurisdiction of the province. Prince Edward Island continues to experience a high level of exploration for natural gas as over 1.1 million acres (445,000 hectares) of the approximate 3 million acres within the province's onshore and offshore jurisdiction is under permit for this activity. This includes investment by eleven exploration companies in the thirteen oil and natural gas permits that have been

issued. As most of the permits are scheduled to expire within the next two years, work plans are entering into a critical phase. Under the legislation, a permit must be converted to a production lease before it expires which requires the permittee to demonstrate commercial quantities of hydrocarbons. An expired permit is considered vacant and is eligible for further issuance only after a competitive bid process has been undertaken.

Activity during the past year included the plugging and abandoning of the Bear River #1 exploratory gas well in St. Charles this past December. After reaching contract depth in April 2001, the operator, Meteor Creek Resources Inc., logged zones of interest and proceeded with further testing. Meteor Creek Resources Inc., continues to seek investment for further exploration opportunities within the permit after earning a 50% working interest from Consultants A.G.R.E.N. Canada Inc.

In November 2001, Corridor Resources Inc. ran a two dimension (2-D) seismic survey across a geophysical structure on their Cavendish permit to better evaluate possible drilling targets in the area. Although, to date, the company has not applied for a drilling authorization, Corridor is in the process of formulating a drill plan and seeking investment for another test well that is located in close proximity to the previous Green Gables exploratory wells. Corridor drilled the Green Gables #2 exploratory well in this permit in June 1997 which intersected gas-bearing deposits but was unsuccessful in flowing commercial quantities of natural gas.

During the year, Rally Energy Corporation of Calgary, Alberta obtained 55% interest in the seven oil and natural gas permits that were originally issued to Prince Edward Gas Company Inc. Other interest holders in these permits are Energy Power Systems Ltd., Osprey Energy Ltd., CMB Energy Corp. and Shannon Resources Inc. Acting as the operator, Rally has revealed their intentions to further assess gas targets from acquired seismic data and a planned seismic program in the east Prince and west Queens county area. Rally has also indicated to the province that they will proceed with an exploratory drilling program in the upcoming months.

Regulatory Matters

With the development of the Sable Offshore Energy Project (SOEP) and the subsequent completion of a natural gas pipeline within the region by Maritimes & Northeast Pipeline (M&NP) in 1999, natural gas has become accessible to many Maritime communities. The Energy and Minerals Section has been actively pursuing access to Sable Island natural gas, as well as the production from other potential East Coast natural gas fields. This has required monitoring of the regulatory process and intervening at National Energy Board (NEB) hearings in New Brunswick and Nova Scotia.

During the past year, the Energy and Minerals Section intervened at the NEB hearing that investigated the Application and Interpretation of Section 17 of the Maritimes and Northeast Pipeline's Tariff. The Province argued that Section 17 gave sole discretion to the pipeline

company over issues such as costs of facilities and that this discretion could be adverse to the development of a pipeline lateral to the Province of Prince Edward Island. While the National Energy Board decided not to change the wording of Section 17 with respect to our argument, it mandated that Maritimes and Northeast Pipeline enter into discussions with the Province with the goal of coming to an understanding of the cost of a PEI Lateral pipeline.

The Energy and Minerals Section also represents provincial interests on the Tolls and Tariffs Working Group regarding the Maritimes & Northeast Pipelines. This group provides input into the toll making process for the natural gas delivery system in the Maritime Provinces.

Amendments to the Maritime Electric Company Limited Regulation Act

In the fall of 2000, Maritime Electric Company Limited (MECL) advised government that they were experiencing financial problems resulting from increased fuel costs and unexpected expenditures of \$4.5 million caused by outages of Pt. Lepreau in March and April of that year. Under the existing legislation, the utility was unable to recoup these unexpected expenditures as MECL had an obligation to charge rates that were tied to those of New Brunswick Power who were unwilling to similarly increase their electricity rates as a cost recovery measure. The Province considered changes to the Maritimes Electric Company Limited Regulation Act that would enable the company to recover increased energy production and purchase costs.

The result was the passage of an amendment to the Act in May 2001 that will, through regulation, enable MECL to recover from consumers any increased energy production and purchase costs while limiting the company's return on equity to 11%. The intent of the legislation was to instill confidence within the financial community of MECL's ability to raise revenue to offset increased costs, including costs associated with future capital improvements such as the new natural gas-fired generation planned for the province. Regulations to the Act were subsequently passed in the fall of 2001.

Accessing Natural Gas

Most Canadians have experienced the benefits of natural gas as a cost-efficient, reliable and clean-burning source of energy. In addition to monitoring the regulatory process in the other Maritime Provinces and intervening at regulatory hearings, the section staff have been actively pursuing natural gas access for PEI.

In September of 2001, Westcoast Power and Maritime Electric began the development phase of the planned gas-fired electrical generation project for Prince Edward Island. Preliminary engineering and market studies are underway and formal arrangements were finalized between the three parties (Government, Westcoast Power and MECL). This combined project will consist of 140 Megawatts of gas-fired electrical generation installed at the Charlottetown Generating Station.

In addition, Maritime Electric has committed to constructing an additional 50 Megawatts of gas-fired generation on the Island to meet present electricity requirements and accommodate future load growth. The optimum configuration for this facility is currently being assessed with an planned in-service date of November 2006. In total, there will be close to 200 Megawatts of gas-fired electrical generation constructed on Prince Edward Island as part of our Natural Gas Development Plan.

Furthermore, in the fall of 2001, the Province contracted with a consultant with in-depth experience in the design and construction of natural gas pipelines, to develop a preliminary cost-estimate for a PEI lateral pipeline. The consultant and government staff worked closely with the pipeline company, Maritimes and Northeast Pipelines, during the development of these estimates. As a result of this work and further discussions, the Province and Maritime and Northeast Pipelines have come to a general understanding with respect to the cost of building a natural gas pipeline to Prince Edward Island. Detailed engineering cost estimates are expected to be formulated next year.

PEI EnerPool Program

The EnerPool Program, initiated in 1978, continues to demonstrate the effectiveness of ride-sharing transportation in optimizing energy consumption and reducing traffic congestion. Routes from Souris and Summerside provide weekday transportation to and from Charlottetown.

Energy Data Base

An Energy Data Base is maintained by the section and continues to serve as a resource for preparation of reports on energy and environmental issues and to assist the development of evidence for various filings at National Energy Board hearings.

Supply, demand and cost of several energy fuels are compiled by the Department for the data base. On a biannual basis, a wood fuel survey is commissioned to track the volume and pricing of this energy source as this information is not available from other data providers.

Intergovernmental Committees

Section staff represent the province on a number of intergovernmental committees pertaining to energy and the environment as part of PEI's responsibility as participants in the Council of Energy Ministers and the Joint Management of Canadian Energy and Environment Ministers. This includes representation through the National Air Issues Coordinating Committee for the national climate change strategy (NAICC-CC) and other air issues (NAICC - "A".)

Section staff sit on other federal/provincial committees that deal with various energy issues including electrical reliability and pipeline regulation. PEI is represented internationally on energy issues by section staff through the Northeast International Committee on Energy which is a sub-committee of the Conference of the New England Governors and the Eastern Canadian Premiers.

Due the increasing importance of the energy sector to Atlantic Canada, it was decided at the December 2001 meeting of the Council of Atlantic Premiers to establish an Atlantic Ministers' Forum on Energy. Prince Edward Island, through the Energy and Minerals Section, has taken the lead for this initiative, with a mandate to take a cooperative and collaborative approach to a variety of energy issues. Proceeding the meeting of premiers, officials from Atlantic energy departments have been in the process of developing an agenda in preparation for the first Atlantic Ministers' Forum on Energy that will convene in Charlottetown in May 2002 in conjunction with the Joint Meeting of Energy and Environment Ministers.

Energy and the Environment

Climate change continued to be one of the more dominant issues facing environment and energy departments across Canada. The accumulation of greenhouse gases in the earth's environment, mainly from the burning of hydrocarbons for energy, is having a net effect of increasing temperatures and also changing climatic patterns. Expected affects include sea level rise and greater intensity storms. This province could be particularly at risk, being an island with highly erodible soils.

Representatives from the Energy Section and the PEI Department of Fisheries, Aquaculture and Environment provided input into the climate change national implementation process through the National Air Issues Coordinating Committee. Analysing and modelling of the possible impacts of reducing greenhouse gases on the national economy and individual provinces and territories drew particular attention. In the coming year, it is expected that a greater understanding of these forecasted impacts will become known. A decision of wether to ratify the Kyoto Protocol may be rendered by the end of 2002.

The Kyoto Protocol is a binding international agreement to limit the global emission of greenhouse gases. A Canadian ratification of this agreement would require this country to lower its greenhouse gas emissions so that the annual average between 2008 and 2012 will be 6% below the 1990 level. Presently, Canada's greenhouse gas emissions are 19.6% higher than they were in 1990.

A crucial Joint Meeting of Energy and Environment Ministers is scheduled for Charlottetown in May 2002 with the Honourable Chester Gillian of the PEI Department of Fisheries, Aquaculture and Environment to perform the duties of provincial/territorial co-chair. The issue of climate change will dominate the agenda, with an expectation for the federal

government to more fully detail their plan which would enable Canada to meet its greenhouse gas reductions should ratification of the Kyoto Protocol occur. Most jurisdictions, including Prince Edward Island, are in favour of proceeding with the steps to ratifying this agreement. However, there is a need to more fully explore possible economic consequences of reducing greenhouse gases to the limit that is expressed in the Protocol.

During the year, the Ministers of Development & Technology and Fisheries, Aquaculture & Environment jointly released to the public the **Prince Edward Island Climate Change First Business Plan**. The Plan describes various initiatives by provincial departments that are designed to curtail the release of greenhouse gases. Energy initiatives in the Plan included the development of the North Cape Wind Farm, Smart Energy Management Program and PEI Enerpool Program. Copies of the Business Plan are available through Island Information Services.

To increase public awareness of the climate issue among Islanders, funding from the Department was committed to the Southeast Environmental Association in cooperation with PEI EcoNet to establish a Prince Edward Island Climate Change "HUB". The HUB will serve as a clearing house for a variety of publications that address the challenge of limiting the release of greenhouse gases to the environment. The HUB is located at EcoNet's office on 126 Richmond Street in Charlottetown (C1A 1H9). The coordinator of the HUB may also be reached by telephone at (902) 566-4170 or through the internet at www.climatechangepei.ca.

PEI Energy Corporation Activities

Section staff assisted with a number of activities initiated by the PEI Energy Corporation during the fiscal year 2000-2001. This included project analysis and development of the 5.28 Megawatt North Cape Wind Farm that was commissioned in November, 2001 and the ongoing efforts to access east coast natural gas through a natural gas pipeline to PEI.

FINANCE AND ADMINISTRATION

Finance and Administration provides support services to the operating Divisions of the Department. Major areas of responsibility include:

- ▶ Budget preparation
- ▶ Expenditure monitoring and forecasting
- ▶ Purchasing
- ▶ Invoice and expense claim processing
- ▶ Staffing
- ▶ Classification
- ▶ Payroll
- ▶ Staff development
- ▶ Other employee-related programs

Departmental Staff Complement

Permanent

On March 31, 2002, the Department had 75 permanent full-time equivalent positions. The following is a breakdown of these positions:

Department Management	5
Policy and Planning	8
Energy Development	4
Access PEI	44
Community and Labour Market Development	14
Regional Economic Development Agreement	1
	76

Casual

Approximately 20 employees were hired on a casual basis, primarily in Access PEI.



IMMIGRATION, INVESTMENT AND TRADE POLICY

The mandate of the division is to develop, coordinate and implement policy in the areas of immigration, investment and trade. The division is also accountable to manage the \$86 million consolidated assets of the Island Investment Development Inc. group of companies (IIDI).

IMMIGRATION

The 1999 Prince Edward Island Population Strategy and recent Statistics Canada census data underscore that our future growth and prosperity will increasingly reside with successful immigration policy. By 2010, immigration will account for net labour force growth and by 2031 for total population growth.

Competition for immigrants is growing internationally and the United States remains the destination of choice for many economic migrants. Using its unique attributes, Prince Edward Island has to position itself as a Canadian destination of choice for newcomers with the skill sets, business acumen and capital to invest in our economy.

Immigration is a constitutional responsibility of the Government of Canada, however, provinces exercise influence over federal immigration policy through special cooperation agreements to address regional concerns. The Agreement for Canada-Prince Edward Island Cooperation on Immigration was executed on March 29, 2001 and permits the Province to select or nominate up to 200 immigrants per year under the PEI Nominee Program.

Foreign nationals are nominated for Canadian citizenship under one of three program elements:

- (1) skilled workers;
- (2) immigrant entrepreneurs establishing a new business; and
- (3) immigrant partners making a cash investment of \$150,000 in a PEI company and taking an active role in management or operations.

During the fiscal year ended March 31, 2002, only seven immigrants were nominated by the Province, however, by the first quarter of fiscal 2002-03, program activity accelerated with a total of forty-eight newcomers selected.

The division also takes the lead in first response and coordination of PEI's humanitarian efforts to re-settle refugees in conjunction with the federal government.

INVESTMENT

Other divisional responsibilities associated with the immigration brief focus upon investment development and promotion, including managing the Government of Canada's Business Immigration Program on PEI. In addition, the division is accountable for managing the assets of the former provincial immigrant investor program (the Island Funds) and the PEI Century 2000 Fund which amount to \$86 million on a consolidated basis. The revenue stream generated from assets and operations is approximately \$3.1 million.

TRADE

International trade is assuming greater importance as Prince Edward Island's economy is increasingly impacted by globalization and the complexities of international trade. The division's responsibilities for trade policy development, advocacy and provincial coordination include:

- ▶ overseeing the Atlantic Procurement Agreement designed to reduce inter-provincial trade barriers;
- ▶ serving as PEI's Internal Trade Representative in overseeing and coordinating intra-governmental engagement in issues raised under the various chapters of the Internal Trade Agreement between the Government of Canada and the provinces/territories;
- ▶ providing trade policy advice to government departments, agencies and boards in respect of regional, national and international trade issues. Key trade agreements monitored by the division include World Trade Organizations (WTO) Agreement; North American Free Trade Agreement (NAFTA), Free Trade Agreement with the Americas (FTAA), and the Canada/Chile Agreement.

In addition, the division works closely with PEI Trade and Development Inc, the Government of PEI's representative in Hong Kong. Our trade presence in the Asia-Pacific region offers PEI companies advice and contacts to capitalize on promising business development opportunities. Trade missions sponsored during the 2001-02 fiscal year included:

- (1) the highly successful PEI seafood mission led by the Hon. Michael F. Currie in January 2002;
- (2) representation of the University of Prince Edward Island at the Canadian Education Fair in October 2001; and
- (3) representation of Technology PEI at the Hong Kong II Show in March 2002.

PEI Trade and Development Inc also plays an important role in PEI's immigration operations because our most active markets are currently China (PRC), South Korea and other countries in the Asia-Pacific region.

POLICY AND PLANNING

The Policy and Planning Division is a resource and support for the Department's other divisions.

The overall responsibilities of the Division are as follows:

- ▶ management of strategic policy and program areas including computer support for Departmental staff and Access PEI
- ▶ development and updating of the Government of Prince Edward Island's web site
- ▶ analysis of policy issues and provision of advice to Senior Management on a variety of issues,
- ▶ preparation of material for Minister and Deputy Minister,
- ▶ development of proposals,
- ▶ strategic planning,
- ▶ coordination of Departmental input and responses,
- ▶ preparation of multimedia presentations, and
- ▶ program evaluation.

Government of Prince Edward Island Web Site

Staff in the Division worked with Reinvented Inc., a private sector company, to develop the Government of Prince Edward Island's web site. The objectives of the site are to:

- ▶ promote PEI as a place to do business,
- ▶ promote PEI as a place to visit, and
- ▶ provide information about Prince Edward Island to Islanders and Internet users alike.

The intent for 2002-2003 is to continue to build the Government's web site to include as much information about PEI as possible and to expand the e-government content at the web site. The Internet is a cost-effective means of distributing information and promoting PEI. Islanders can now complete more than 60 forms on line. A new government online page shows the range of e-government options now available to Islanders. Those seeking jobs with the government now have the option of submitting their application forms online. The Address Locator was developed for Islanders using the civic address database which enables users to obtain information related to the civic address such as the local MLA or MP. Government has also provided a radio station to showcase Island musical talent. Material was also put on line for those with Palm Pilots to use including maps. In addition, the website now contains specialized sections on having a child, death and bereavement as well as gardening. All of these new

information resources can be accessed at www.gov.pe.ca. There are more than 50,000 pages of information at the web site.

During Christmas of 2001, the Internet Information Centre enabled thousands of Internet users to send Christmas cards to other Internet users around the world and this proved to be a very popular feature. As well, the web site had a contest each day during the month leading up to Christmas.

The Director chairs an interdepartmental committee that works together to develop the content at the Internet site on behalf of the Province. The information on the Internet about Prince Edward Island has been growing steadily.

A number of demonstrations were made for groups within and outside of government.

Coordination

The Division coordinates the preparation of the Department's annual report and the Ministry's strategic planning process.

ECONOMIC AND SYSTEMS ANALYSIS SECTION

Policy Analysis

The Manager prepares economic analysis background papers to support strategic initiatives and to analyze the impact of policy changes. The Manager represents the Department on various Provincial committees that research the economic impacts of policy changes, as well as Departmental representative on Economic Steering Committees such as DFO Ocean Sector Study.

The Manager represents the Province on various Federal/Provincial Committees such as the Federal/Provincial/Territorial Committee on Labour Statistics and the Canadian Occupation Projections Committee.

Coordinate Special IT Projects for the Department

The Section worked with staff at the Access PEI sites to plan and coordinate IT requirements for the expansions of the Access PEI Sites; as well as the set up of new Access PEI Sites.

The Manager participated on a Committee responsible for planning and coordinating the development of a new information system for Food Technology Centre. The system currently in use is out-dated and was not Y2K compliant.

The Manager is the Departmental IT Coordinator and consults with other Provincial Departments or IT groups regarding IT matters at each of the Access PEI sites.

The Manager of the Section coordinated any LAN room requirements, setup and shutdown with IT staff from other Provincial and Federal Government Departments at each Access PEI site.

Management Information Systems Coordinator

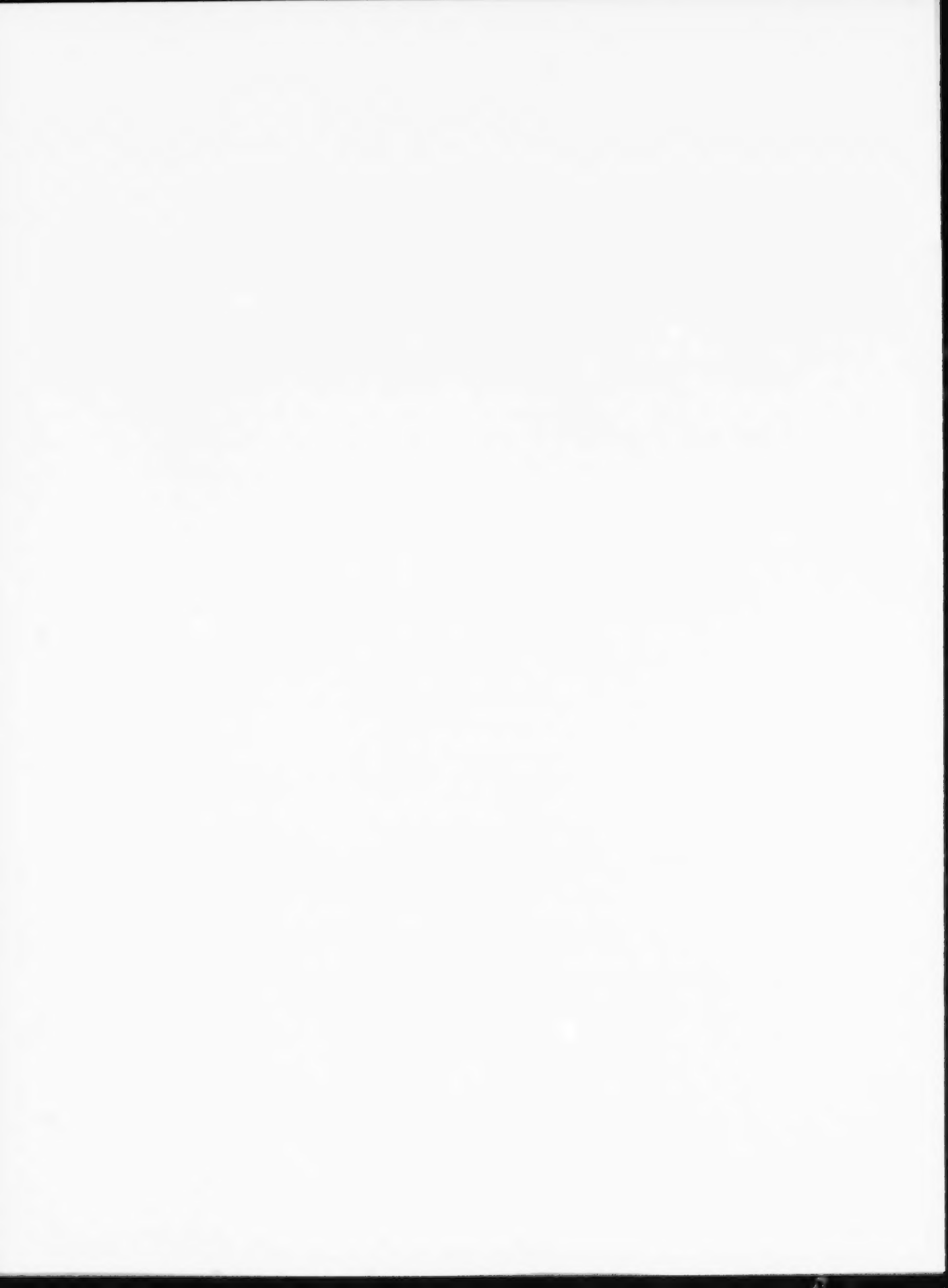
The Manager of the Section represents the Department on various Provincial Government Committees to discuss IT issues and policies,; such as, Network standards and IT security issues. Section staff represent the Department on Committees to identify software standards, setup procedures and hardware installations.

Network Administration and Support

The Section manages the local area networks for the Department and the Access PEI Sites. The Section Manager acts as departmental coordinator regarding computer matters. The Section provides day-to-day support for the Department and the Access PEI Sites for all hardware, software, and systems. The Section also coordinate IT LAN requirements for the setup of computers at presentations.

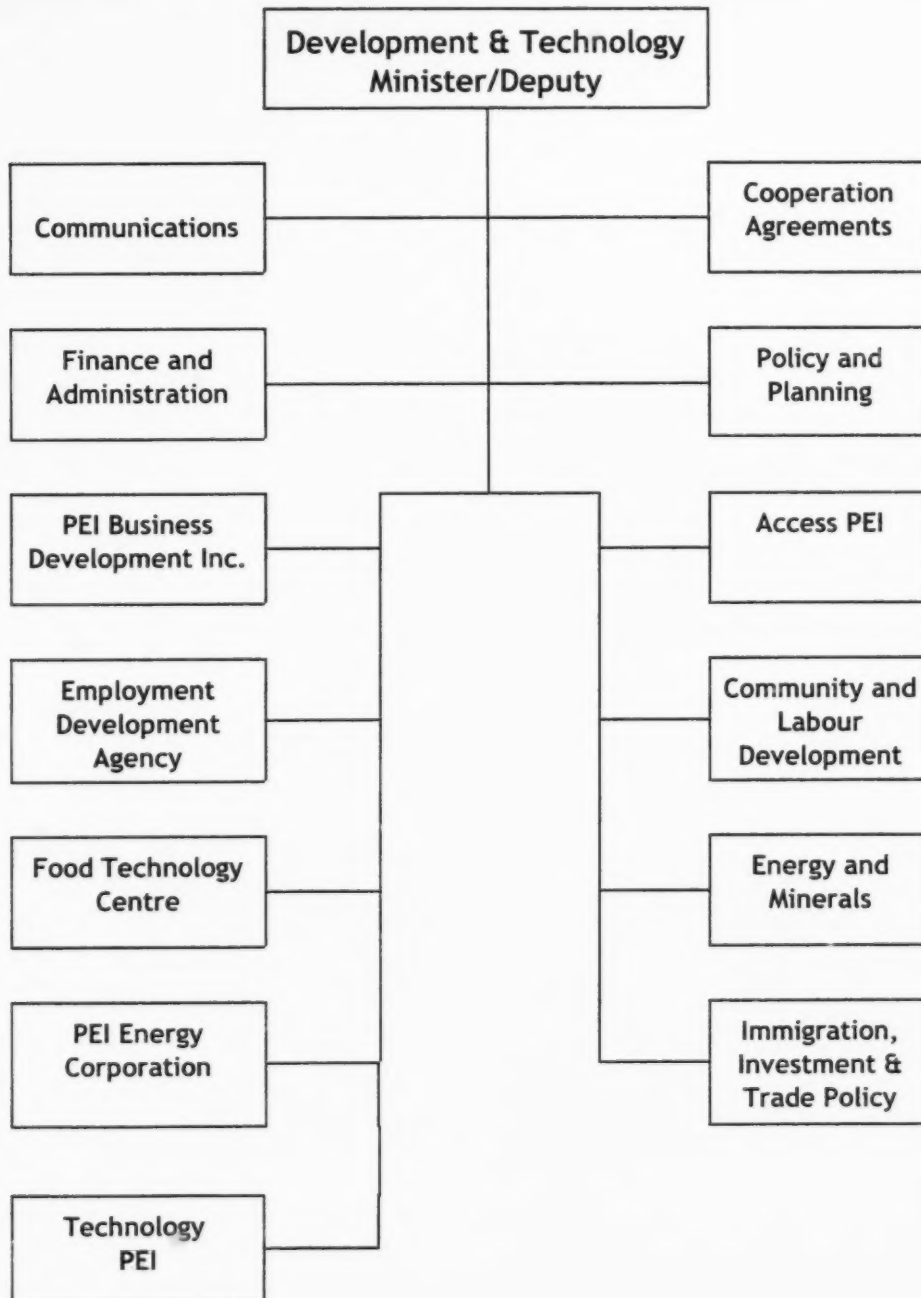
Information Technology Requirements

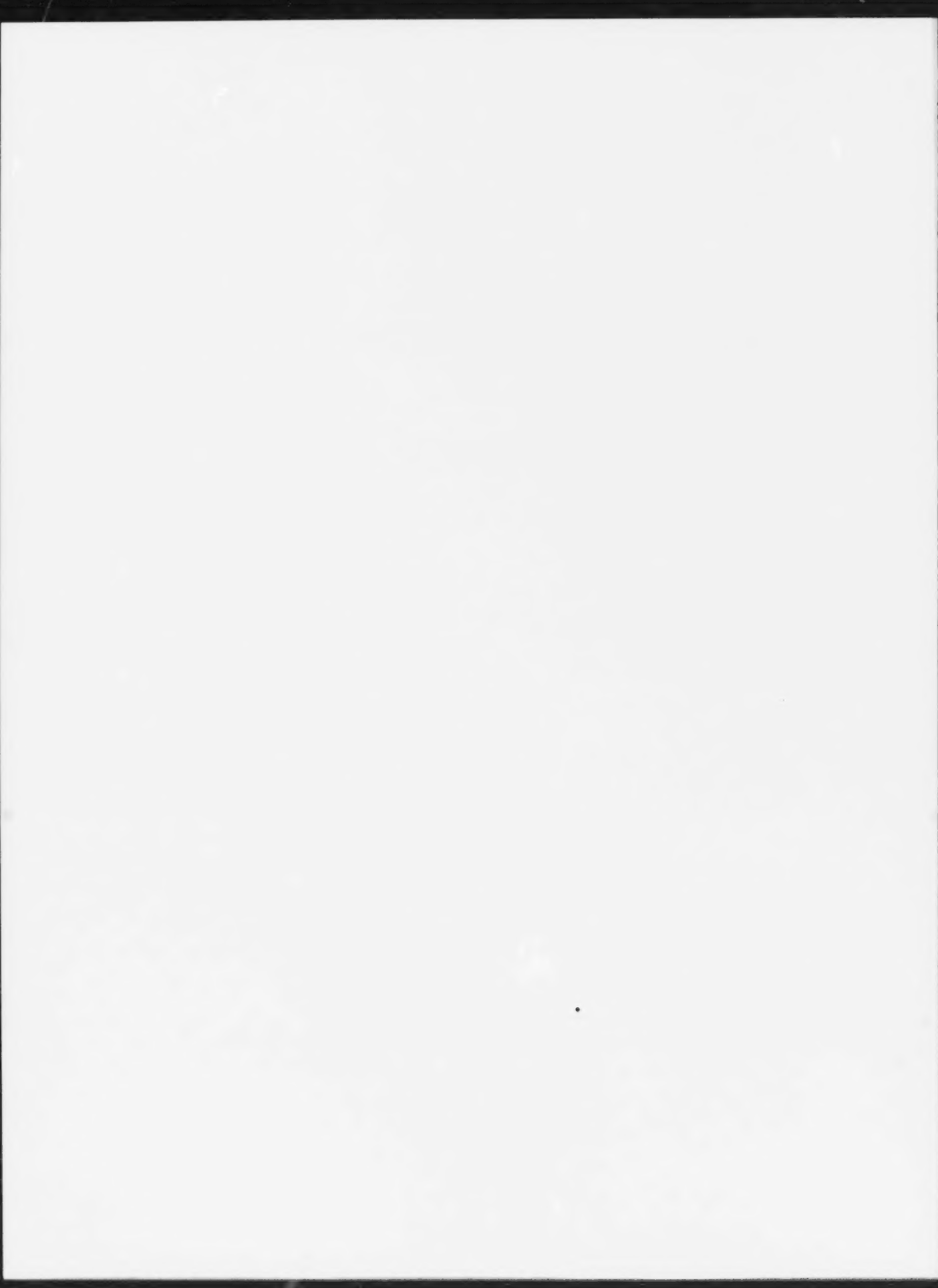
The Section recommends computer hardware and software purchases for the Department. The Section is responsible for the setup of computer equipment , the installation of software, and the inventory of all computer hardware and software.



APPENDIX A

MINISTRY ORGANIZATIONAL CHART MARCH, 2002





APPENDIX B

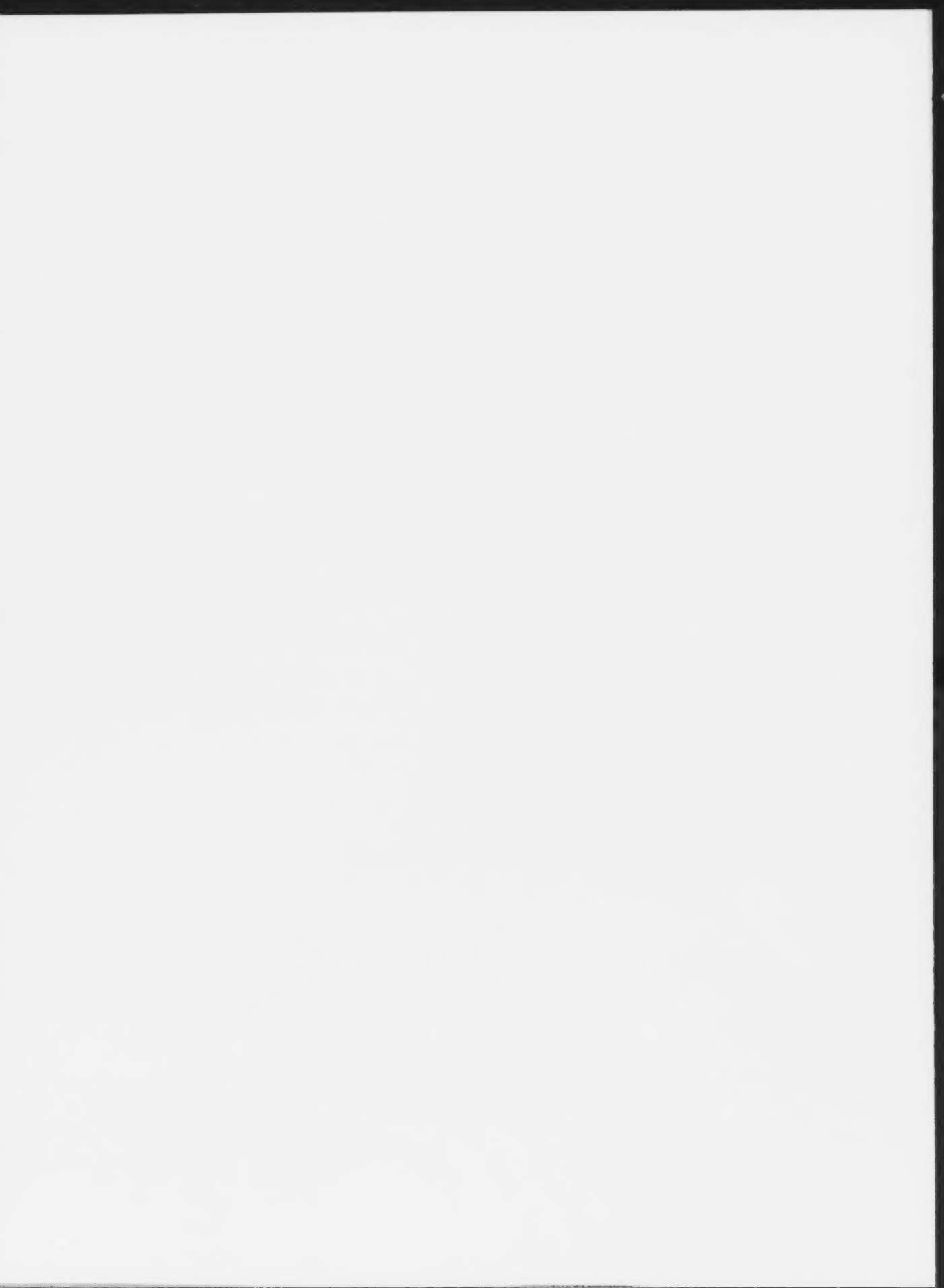
DEPARTMENT OF DEVELOPMENT & TECHNOLOGY LEGISLATIVE RESPONSIBILITIES

ACTS

Area Industrial Commission Act
Employment Development Agency Act
Energy Corporation Act
Energy Efficient Appliances Act (when proclaimed)
Institute of Man and Resources Act
Island Investment Development Act
Maritime Economic Cooperation Act
Mineral Resources Act
Natural Gas Distribution Act (when proclaimed)
Oil and Natural Gas Act
Prince Edward Island Business Development Inc.

BOARDS/COMMISSIONS/AGENCIES

Atlantic Wind Test Site
Canada Games Inc.
Capital Commission
Charlottetown Area Development Corporation
Community Advisory Boards (various)
Employment Development Agency
PEI Energy Corporation
Environmental Industrial Services Inc.
PEI Food Technology Centre
Gateway Village Development Inc.
Island Investment Development Inc.
Natural Gas Distribution Board
Prince Edward Island Business Development Inc.
Souris Food Park Development Corporation
Summerside Regional Development Corporation



APPENDIX C

	Unaudited Actual 2001/02 \$	Budget Revised 2001/02 \$	Budget Estimate 2001/2002 \$
Expenditures by Division (1)			
Departmental Management	576,393	497,200	517,700
Policy and Planning	558,109	571,200	571,200
Energy and Minerals	243,363	367,300	412,300
Access PEI	2,580,885	2,576,500	2,543,000
Community and Labour Development	2,661,657	2,352,100	1,665,200
Cooperation Agreements	<u>1,678,111</u>	<u>2,030,700</u>	<u>1,418,100</u>
Total Department	<u>8,298,519</u>	<u>8,395,000</u>	<u>7,127,500</u>
Revenue	<u>1,383,814</u>	<u>1,445,300</u>	<u>527,800</u>

Notes:

(1) Detailed information is appended.

2. The 2001/02 Revised Budget includes special warrants of \$1,267,500, which are partially offset by revenue of \$712,600 from the federal government for the Regional Economic Development Agreement and \$336,900 from Special Funds.

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY
Expenditures by Division

	Unaudited Actual 2001/02 \$	Budget Revised 2001/02 \$	Budget Estimate 2001/02 \$
Department Management			
Administration	47,205	48,200	48,200
Equipment	2,879	0	0
Materials, Supplies, and Services	50,649	27,800	27,800
Professional and Contract Services	12,120	20,000	20,000
Salaries	435,001	371,900	387,400
Travel and Training	<u>28,539</u>	<u>29,300</u>	<u>34,300</u>
	<u>576,393</u>	<u>497,200</u>	<u>517,700</u>
Policy and Planning			
Administration	10,320	6,000	6,000
Equipment	27,305	30,000	30,000
Materials, Supplies and Services	6,639	7,100	7,100
Professional and Contract Services	125,318	75,000	75,000
Salaries	384,641	445,600	445,600
Travel and Training	<u>3,886</u>	<u>7,500</u>	<u>7,500</u>
	<u>558,109</u>	<u>571,200</u>	<u>571,200</u>
Energy and Minerals			
Administration	15,040	18,600	18,600
Equipment	3,303	1,200	6,200
Materials, Supplies and Services	5,703	17,700	17,700
Professional and Contract Services	74,867	133,000	173,000
Salaries	127,184	177,300	177,300
Travel and Training	<u>17,266</u>	<u>19,500</u>	<u>19,500</u>
	<u>243,363</u>	<u>367,300</u>	<u>412,300</u>
Access PEI			
Administration	365,363	384,000	384,000
Equipment	24,969	25,000	25,000
Materials and Supplies	94,689	111,100	111,100
Professional and Contract Services	4,206	5,000	5,000
Salaries	2,039,453	1,999,300	1,965,800
Travel and Training	50,955	42,300	42,300
Grant	<u>1,250</u>	<u>9,800</u>	<u>9,800</u>
	<u>2,580,885</u>	<u>2,576,500</u>	<u>2,543,000</u>

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY
Expenditures by Division

	Unaudited Actual 2001/02 \$	Budget Revised 2001/02 \$	Budget Estimate 2001/02 \$
Community and Labour Development			
Administration	2,916	2,600	2,600
Equipment	437	0	0
Materials, Supplies and Services	2,017	1,400	1,400
Professional and Contract Services	19,162	7,000	7,000
Salaries	603,652	644,500	644,500
Travel and Training	31,253	49,700	49,700
Grants	<u>2,002,220</u>	<u>1,646,900</u>	<u>960,000</u>
	<u>2,661,657</u>	<u>2,352,100</u>	<u>1,665,200</u>
Cooperation Agreements			
Administration	0	2,500	2,500
Equipment	747	0	0
Professional and Contract Services	43,794	0	0
Salaries	55,164	55,400	55,400
Travel and Training	1,539	3,700	3,700
Grants	<u>1,576,867</u>	<u>1,969,100</u>	<u>1,356,500</u>
	<u>1,678,111</u>	<u>2,030,700</u>	<u>1,418,100</u>
Total Department	<u>8,298,519</u>	<u>8,395,000</u>	<u>7,127,500</u>



